

**STATE WATER RESOURCES CONTROL BOARD
BOARD MEETING SESSION – DIVISION OF FINANCIAL ASSISTANCE
NOVEMBER 15, 2022**

ITEM 2

SUBJECT

CONSIDERATION OF A PROPOSED RESOLUTION TO APPROVE ONE HUNDRED PERCENT GRANT FUNDING FOR THE CHIRIACO SUMMIT WATER DISTRICT WATER SYSTEM IMPROVEMENT PROJECT (PROJECT), PROJECT NO. 3301115-001C.

DISCUSSION

The Chiriaco Summit Water District (District) serves a severely disadvantaged community with 32 service connections and approximately 50 residents in Riverside County, California. The District receives surface water from the Colorado River Aqueduct (Aqueduct), which experiences service and maintenance outages ranging from 15 to 21 days. During these outages, customers rely on water from the District's reservoir and storage tank. At times, the District exhausts its water supply and customers must ration use to ensure that the businesses that employ the District's residents remain open and that water is available for emergency situations. Outages are becoming more frequent and of longer duration in recent years.

The Project will address these outages as well as aging infrastructure, storage, and security issues by making significant improvements to the District's water treatment plant, including rehabilitation of the existing reservoir and construction of a new storage tank. The Project is ranked in Category A because of the domestic water supply outages which pose an imminent threat to the public's health and safety. The Project includes:

- Rehabilitation of the existing reservoir;
- Relocation of the existing water treatment system;
- Construction of a chlorine contact tank;
- Construction of a new storage tank;
- Construction of a new hydropneumatic tank;
- Construction of a metal building to house a raw water pump station and a treated water pump station in addition to the relocated water treatment system;
- Installation of an electrical power generator;
- Installation of a system control and monitoring system; and
- Construction of a chain link fence bordering the facility.

The State Water Board adopted [Resolution No. 2017-0062](#) on October 17, 2017, authorizing the Deputy Director of the Division of Financial Assistance (DFA) to enter into an agreement with the District to provide a Proposition 1 Drinking Water Grant of

\$2,963,400, with the ability to increase the funding amount by up to 10 percent for good cause, based on a preliminary cost estimate. The District received construction DWSRF Funding Agreement No. D17-02067 (Agreement) on January 23, 2018 for \$2,963,400 in Proposition 1 Drinking Water grant funds for the Project.

Numerous unanticipated issues have resulted in delays to construction of the Project. The existing right-of-way (ROW) with the United States Department of the Interior Bureau of Land Management (BLM) had to be amended to expand the area available for the District to use for its water system facilities, in order to provide adequate space for the infrastructure to be constructed. The ROW amendment resulted in the need to complete the BLM's National Environmental Policy Act (NEPA) compliance process. Additionally, several comments were received from the Riverside County Department of Environmental Health and from the Division of Drinking Water following a plan set submittal in June 2021. Many of these comments required significant time and effort to address because they involved consultation with other federal and state agencies, including the Riverside County Planning Department, the Riverside County Transportation and Land Management Agency's Airport Division, the Riverside County Real Estate Division, the Colorado River Basin Regional Water Quality Control Board, the United States Department of Transportation Federal Aviation Administration, and the BLM.

On May 16, 2022, the Division of Financial Assistance and the Division of Drinking Water determined that these concerns had been addressed and that the District could proceed with the bidding process. The District's consultant, Krieger & Stewart (K&S), finalized the Project's plans, specifications, and contract documents and the District began the bid solicitation process in July 2022. The District opened bids on September 28, 2022 and subsequently submitted a Final Budget Approval form on October 4, 2022 to establish the final budget for the Project, with an overall cost of \$7,185,120.

The 2022-2023 DWSRF Intended Use Plan (IUP) limits the amount of grant or principal forgiveness that can be issued for construction projects at \$60,000 per service connection. Per Appendix E of the IUP, the Deputy Director of DFA may approve up to 100% grant funding for construction projects with a total eligible project cost up to \$6,000,000 regardless of the amount per connection. The overall Project cost is \$7,185,120, or \$224,535 per service connection. The Project's final budget has increased significantly due to the exceptionally high demand being experienced for construction labor and materials. Because the Project exceeds the cost per household threshold established in the IUP, DFA staff are presenting this Project to the State Water Resources Control Board (State Water Board) for approval.

POLICY ISSUE

Should the State Water Board adopt a resolution waiving the per connection threshold of \$60,000 in the 2022-2023 DWSRF IUP for this Project, authorizing the Deputy Director of DFA to amend the Agreement with the District to provide a total of up to \$7,185,120 in one hundred percent grant funding, with up to a 10 percent increase to

cover potential cost increases if approved by the Deputy Director of DFA for good cause?

FISCAL IMPACT

Grant funding is available for the Project. Allocating grant funding to this Project will reduce the amount of funding available for new projects, but will also significantly benefit the small, severely disadvantaged community served by the District.

REGIONAL BOARD IMPACT

None.

STAFF RECOMMENDATION

Staff recommends that the State Water Board adopt the proposed Resolution.